



# AN ANALYSIS OF PROFITABILITY OF THE SELECTED INDIAN AUTOMOBILE COMPANIES

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**Abstract:** This study expects to look at productivity of the automobile business in India. To accomplish this, an example of five automobile companies covering the various portions of the business — business, two-and three-wheelers, as well as passenger vehicles — that are recorded Automobile Companies in India. A five-year time span from 2018-19 to 2022-23 was utilized. To achieve the review's objectives, productivity proportions have been registered and looked at. The optional information utilized in this study is - its establishment. The review's information was accumulated from "money control".

**Key words** – Automobile, Commercial - Vehicles, Profitability.

## I. INTRODUCTION

The automobile business is the principle motor of any extending country's economy and is crucial for its speedy modern and financial development. Hardware required for central ventures like steel, non-ferrous metals, manures, treatment facilities, petrochemicals, transportation, materials, plastics, glass, elastic, capital gear, operations, paper, concrete, sugar, and so on is met by it. It makes more straightforward for the majority foundation highlights, similar to power, rail, and street transportation, to be moved along. The automobile business significantly affects a country's development and can subsequently be the motor of monetary extension in view of its perplexing forward and in reverse connections with different significant financial areas. It is a critical impetus for the development of the vehicle business from one viewpoint and the modern area on the other.

## II. REVIEW OF LITERATURE

1. Ravichandran, M. and Subramaniam (2018). Seen that an organization's working status can be assessed utilizing various monetary instruments, including diagrams, near proclamations, productivity proportions, and dissolvability proportions. As per the investigation, the company has adequate money available to settle its obligations and liabilities. The organization might build its monetary presentation significantly more by reducing expenses related with tasks, deals, and organization.
2. In their study, Jothi, K. & Geethalakshmi, A. 2017 utilized factual instruments including ratio investigation, mean, standard deviation, and relationship to evaluate the monetary status and productivity of a subset of Indian automakers. The review shows that benefit, short-term capital, and long-term capital have a positive affiliation.
3. According to Surekha B. and Krishnalakshmi K. Rama's (2015), TATA Motors Engines is a prosperous organization. It is inferred that the association has remarkable inward strength. A company can expand its benefit considerably further by diminishing regulatory expenses, monetary costs for business development, and capital equipping to the most ideal degree.
4. Nandhini, M. & Sivasakthi, V. (2015) explored what televisions Engine Organization's productivity was meant for by working influence and monetary influence. The discoveries demonstrated that the organization has a few shortcomings, and it is encouraged that to create adequate gains, fixed and variable expenses are to be controlled.
5. Dharmaraj and Kathirvel (2013) uncovered that the New Industrial Policy Act of 1991, has opened programmed courses and changed finance, denoted a defining moment for the Indian vehicle industry.

### III. SAMPLE DESIGN

The Companies are chosen based on top bikes and three wheelers Manufacturers. The specialist has chosen five Automobile companies based on accessibility of information for the past five years. This example has been chosen for the proposed research. They chose Indian automobile companies which are arranged into three fragments specifically business vehicle, Travelers vehicle, Two and Three-wheeler. The example picked has agent companies from every one of the three fragments and the subtleties of the chose companies are outlined as follows. a) Tata Motors Limited, b). Mahindra and Mahindra Limited, c). Eicher Auto Limited d). Ashok Motors Limited e). Maharashtra Scooter.

#### Statement of Problem

The automobile business is the foundation of any expanding country and is crucial for its speedy industrial and monetary development. TATA Motors holds a predominant piece of the pie of more than 60% in the Indian business vehicle market inside the automobile business. The excess vehicle areas represent 40% of the market. Considering this, a work has been made to recognize the factors that impact the auto business benefit in India by choosing an example of the multitude of automakers that work in the nation's major auto fragments. Moreover, the objective of the momentum study is to address the examination void in these fields and give an answer for the accompanying question. Shouldn't something be said about the monetary after effects of the picked auto Companies in India.

#### Objective

- To analyze the profitability of automobile industry in India
- To understand the monetary outcomes and what they mean for the picked car industry's profitability position.

#### Scope of study

The objective of the on-going review is to assess the profitability of a specific section of the Indian automobile industry. Just the five Companies are remembered for the examination.

### IV. RESEARCH METHODOLOGY

The proposed study is altogether founded on optional information. The information has been ordered from Yearly Reports of the individual companies, Course readings, Reference Books, Diaries, Articles, Magazines and from the Web. The important information has been gathered from cash moneycontrol.com, value expert and Society of Indian Automobile Manufactures. The Estimation of Profitability state of chosen Automobile Companies in terms of various financial characteristics addressed in the bookkeeping proportions. Extra information was inspected utilizing different financial and statistical tools, including the Mean, Standard Deviation, Co-efficient of Variation and Compound Annual Growth Rate.

#### 4.1 Period of study

The present study covers a period of five years from 2018-2019 to 2022-2023.

### V. ANALYSIS AND INTERPRETATION

**Table - 1 Net Profit**

YEARS	TATA	MAHINDRA AND MAHINDRA	EICHER	ASHOK LEYLAND	MAHARASHTRA SCOOTER
2018-2019	2.91	8.94	20.97	6.82	502.23
2019-2020	-16.59	2.92	20.97	1.37	1,170.32
2020-2021	-7.93	0.59	15.42	-2.05	57.67
2021-2022	-2.94	8.59	15.66	2.49	830.23
2022-2023	4.14	7.7	18.64	3.81	90.26
<b>MEAN</b>	<b>-4.08</b>	<b>5.74</b>	<b>18.33</b>	<b>2.48</b>	<b>530.14</b>
<b>SD</b>	<b>8.50</b>	<b>3.76</b>	<b>2.72</b>	<b>3.25</b>	<b>478.9</b>
<b>CV%</b>	<b>-208.2</b>	<b>65.48</b>	<b>14.84</b>	<b>130.79</b>	<b>90.33</b>
<b>CAGR%</b>	<b>9.21</b>	<b>-3.66</b>	<b>-2.90</b>	<b>-13.55</b>	<b>-34.89</b>

Source: Secondary Data

From the above table it could be understood that Maharashtra Scooter has the highest mean Net profit of Rs.530.14 Crores, followed by Eicher which has the mean Net profit of Rs.18.33 Crores. It is tracked down that the un-mean Net benefit of Rs. - 4.08 Crores was seen on account of Tata Motors. Subsequently, it is surmised that Maharashtra Scooter has recorded the best execution concerning Net benefit among the chose Companies during the review time frame.

From the Co-efficient of variety connecting with Net benefit of the chosen Companies, it is concluded that TATA Motors has given inconsistent execution as shown by the most noteworthy CV 208.2 per cent and Eicher has showed the consistent exhibition as demonstrated by the least CV of 14.84 per cent.

CAGR uncovers that TATA Motors has showed the best among the chose companies during the time of concentrate as per the most elevated CAGR 9.21 per cent. Maharashtra Scooter has recorded the most minimal development of Net benefit as per the least -34.89 per cent.

**Table - 2 Return on Net Worth**

YEARS	TATA	MAHINDRA AND MAHINDRA	EICHER	ASHOK LEYLAND	MAHARASHTRA SCOOTER
2018-2019	9.11	14.01	28.82	23.8	0.64
2019-2020	-39.64	3.86	23	3.29	2.19
2020-2021	-12.57	0.77	13.7	-4.49	0.05
2021-2022	-6.97	12.66	14.69	7.38	0.62
2022-2023	12.14	15.1	20.35	16.37	1.02
<b>MEAN</b>	<b>-7.58</b>	<b>9.28</b>	<b>20.11</b>	<b>9.27</b>	<b>0.90</b>
<b>SD</b>	<b>20.74</b>	<b>6.50</b>	<b>6.21</b>	<b>11.07</b>	<b>0.79</b>
<b>CV%</b>	<b>-273.4</b>	<b>70.14</b>	<b>30.92</b>	<b>119.42</b>	<b>88.26</b>
<b>CAGR%</b>	<b>7.44</b>	<b>1.89</b>	<b>-8.33</b>	<b>-8.93</b>	<b>12.35</b>

Source: Secondary Data

Table - 2 Portrays that Eicher has the most elevated mean Return on Net worth of Rs.20.11 Crores, trailed by Mahindra and Mahindra which has the mean Return on Net worth of Rs. 9.28 Crores. It is seen that the un-mean Return on Net worth of Rs. -7.58 Crores was tracked down on account of TATA Motors. Subsequently, it is construed that Eicher has recorded the best execution as to Return on Net worth among the chose Companies during the review time frame.

From the Co-efficient of variation connecting with Return on Net worth of the chose Companies, it is concluded that TATA Motors has given inconsistent execution as demonstrated by the most noteworthy CV - 273.4 per cent and Eicher has showed the consistent exhibition as shown by the least CV 30.92 per cent.

CAGR uncovers that Maharashtra Scooter has showed the best among the chose companies during the time of concentrate as per the most elevated CAGR 12.35 per cent. Ashok Leyland has recorded the most reduced development of Return on Net worth as per the least - 8.93 per cent.

**Table - 3 Return on Capital Employed**

YEARS	TATA	MAHINDRA AND MAHINDRA	EICHER	ASHOK LEYLAND	MAHARASHTRA SCOOTER
2018-2019	11.57	16.86	42.05	27.81	0.63
2019-2020	-7.18	13.26	28	6.67	2.33
2020-2021	0.37	12.35	17.58	-0.91	0.05
2021-2022	1.07	13.8	18.6	2.94	0.69
2022-2023	9.96	19.76	25.46	20.09	0.94
<b>MEAN</b>	<b>3.15</b>	<b>15.20</b>	<b>26.33</b>	<b>11.32</b>	<b>0.92</b>
<b>SD</b>	<b>7.68</b>	<b>3.05</b>	<b>9.83</b>	<b>12.14</b>	<b>0.84</b>
<b>CV%</b>	<b>243.25</b>	<b>20.10</b>	<b>37.34</b>	<b>107.31</b>	<b>91.46</b>
<b>CAGR%</b>	<b>-3.67</b>	<b>4.04</b>	<b>-11.78</b>	<b>-7.80</b>	<b>10.52</b>

Source: Secondary Data

As indicated by Table - 3 Eicher has the most elevated mean Return on Capital Employed of Rs.26.33 Crores, trailed by Mahindra and Mahindra which has the mean Return on Capital Employed of Rs. 15.20 Crores. It is seen that the un-mean Return on Capital Employed of Rs. 0.92 was tracked down on account of Maharashtra Scooter. Thus, it is gathered that Eicher has recorded the best execution as to Return on Capital Employed among the chose Organizations during the review time frame.

From the Co-efficient of variation connecting with Return on Capital Employed of the chose Organizations, it is concluded that TATA Motors has given inconsistent execution as demonstrated by the most elevated CV 243.25 per cent and Mahindra and Mahindra has showed the consistent presentation as shown by the least CV 20.10 per cent.

CAGR uncovers that Maharashtra Scooter has showed the best among the chose organizations during the time of concentrate as per the most elevated CAGR 10.52 Per cent. Eicher has recorded the most minimal development of Return on Capital Employed as per the least - 11.78 per cent.

**Table - 4 Return on Assets**

YEARS	TATA	MAHINDRA AND MAHINDRA	EICHER	ASHOK LEYLAND	MAHARASHTRA SCOOTER
2018-2019	3.31	9.1	21.67	10.88	0.62
2019-2020	-11.64	2.63	17.99	1.46	2.18
2020-2021	-3.68	0.45	10.53	-1.7	0.05
2021-2022	-2.17	7.35	11.1	2.66	0.57
2022-2023	4.41	8.64	15.54	6.1	0.95
<b>MEAN</b>	<b>-1.95</b>	<b>5.63</b>	<b>15.36</b>	<b>3.88</b>	<b>0.87</b>
<b>SD</b>	<b>6.42</b>	<b>3.86</b>	<b>4.69</b>	<b>4.80</b>	<b>0.79</b>
<b>CV%</b>	<b>-328.7</b>	<b>68.68</b>	<b>30.56</b>	<b>123.88</b>	<b>91.30</b>
<b>CAGR%</b>	<b>7.43</b>	<b>-1.28</b>	<b>-7.97</b>	<b>-13.47</b>	<b>11.25</b>

Source: Secondary Data

It is unveiled from the Table 4 that Eicher has the most noteworthy mean Return on Resources of Rs.15.36 Crores, trailed by Mahindra and Mahindra which has the mean Return on Resources of Rs.5.63 Crores. It is tracked down that the most un-mean Return on Resources of Rs. - 1.95 Crores was seen on account of Tata Motors. Consequently, it is gathered that Eicher has recorded the best execution with respect to Return on Resources among the chose Organizations during the review time frame.

From the Co-efficient of variation connecting with Return on Resources of the chose Organizations, it is concluded that Tata has given inconsistent execution as shown by the most elevated CV - 328.7 per cent and Eicher has showed the consistent presentation as demonstrated by the least CV 30.56 per cent.

CAGR uncovers that Maharashtra Scooter has showed the best among the chose organizations during the time of concentrate as per the most noteworthy CAGR 11. per cent. Ashok Leyland has kept the most minimal development of Return on Resources as per the least - 13.47 per cent.

## VI. FINDINGS

The findings of the present study are as follows:

### Profitability:

- Tata Motors Limited has the highest Net Profit of 9.21.
- Maharashtra Scooter Limited has the highest RONW of 12.35.
- Maharashtra Scooter Limited has the highest ROCE of 10.52.
- Maharashtra Scooter Limited has the highest ROA of 11.25.
- It is found that Maharashtra Scooter Limited is more profitable when compared to other Companies.

## VII. CONCLUSION

After profound Exploration and Examination a composite seriousness File is characterized as the combination of individual pointers that addresses contrast dimensions of the concept whose descriptions is the targets of the investigation the discoveries after study mirrors the general cutthroat positions of the example conclusions and by and large photos of the business from the discoveries MS Limited scored most elevated in the gathering of getting top most positioning due to ROCE, RONW and ROA. This followed by Tata Motors which scored second position with most elevated net benefit the vehicle area is overwhelmed by MSL and Tata Motors. The general Record End up being useful in framing serious approaches by the forms. It assists the consumers with passing judgment on the cutthroat execution of these conclusions from the quality and venture perspective.

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